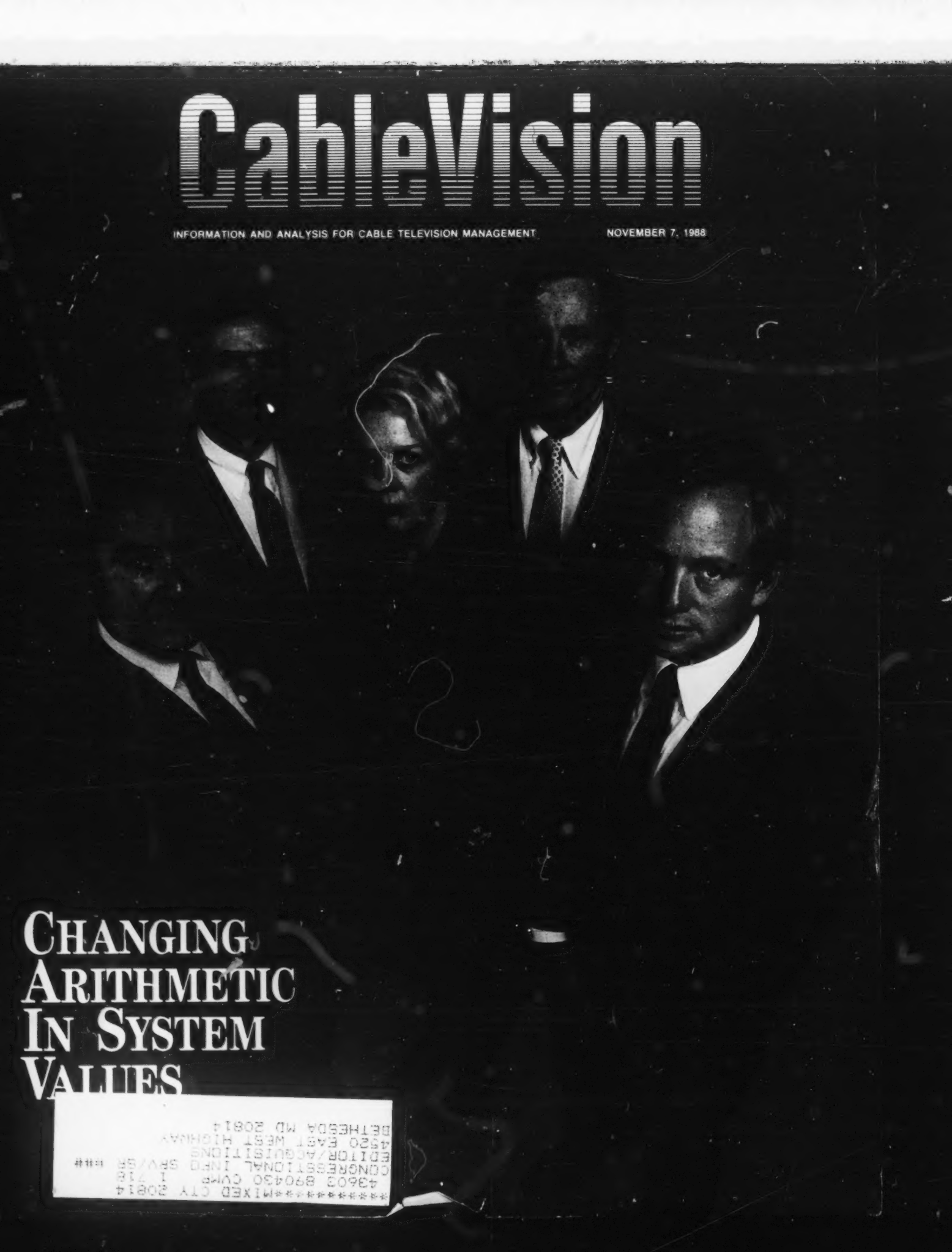
CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

NOVEMBER 7, 1988



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Biting into 'rassling ratings

38

INFORMATION

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Computing the new math in system values. 50
Rising multiples and creeping interest rates are crimping profits once routinely made from flipping systems, warn five players who watch the game.

Wireless crowd gets wired

46

Subscriber Circulation	
TV Guide	16,000,000
The Cable Guide/TVSM	8,000,000
Cable Publications Inc.	5,100,000
Cablatime	4,600,000
Premium Channels	3,000,000
Cableview	2,600,000
TV Host	2,000,000
Cosmo Graphics	1,700,000
Cable Viewer	N.A.

N.A. - not available

The growing guide business

40

COVER PHOTOGRAPH

Financial Roundtable participants point to 'day of the operator.'

Photo by George Burnett

COMMENTARY

Franchise fees

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The issue of franchise fees is back in the news with a ruling in the Palo Alto case that charging five percent of an operator's gross receipts for use of public rights of way "impermissibly discriminates against exercising protected First Amendment rights."

A few years ago, the cable industry would have greeted such a pronouncement from the federal bench like manna from heaven, but in these confused, dying days of the '80s, such is not the case. Instead, industry leaders are distancing themselves from the case and counseling caution. And given the complications presented in this Gordian knot of a decision, such actions are understandable.

As a general proposition, disallowing franchise fees, deposits and surety bonds—while significantly improving an incumbent operator's revenue picture—radically improves an overbuilder's financial equation. And while it would be nice if the industry could pocket the roughly $600 million it pays cities in franchise fees, doing so could come at terrific expense, namely severing the bond between operators and cities. An end to franchise fees is the one thing capable of driving the cities into the telcos' camp. It cannot be viewed as pure coincidence that within days of the Palo Alto ruling the cable policy-making arm of the National League of Cities adopted a strident, pro-telco position calling for some cable re-regulation.

While caution perhaps is the correct pose for the cable industry in cases such as this, the cities should embrace fresh thinking and a degree of legal activism. Just as cable was willing to accept new must-carry rules as long as the other side could come up with a legally sound underpinning for them, so, too, does it appear that the industry will continue to go along with franchise fees if cities can prove their constitutionality. The judge in the Palo Alto case, it should be noted, wrote a 61-page opinion without once mentioning the Cable Act. And that speaks much about the arguments that were presented to him.

—Steve Tuttle
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ABP BPA

Rating cable by people meters

By Wayne Friedman

***The Cosby Show* is taking independent/ superstation WWOR from sixth to second place at 7 p.m.**

It's the same old song, but in a different tempo. For cable programmers and independent stations, the old song is ratings; the new tempo is the people meters.

September marked the first month since the new measuring system was put in place a few seasons ago that cable, network and independent station executives could compare a full season's worth of data. The results have been more of the same: indies and cable continue to eat into network viewing.

"By and large the change in methodology has not caused too much difference in these trends," says Bob Sieber, vice president of research for Turner Broadcasting System. To cable and independent stations, people meters represent a more level playing field on which to survey ratings and, more importantly, audience composition.

In the first year-to-year comparision of this data, September '87 to September '88, cable picked up two share points; indies, one; pay cable, one in the all-important prime time daypart for all television homes (*see charts*). Network viewing, as expected, bore the brunt of these incursions, losing four share points. For cable, TBS' Sieber says this represents the continuation of a longer trend. "The cable-originated networks have done well because they have maintained their ratings as they have grown (in subscribers)."

It hasn't been only cable that has benefited, however. Independents also have shared the wealth, not only in total U.S. homes but also in the growing segment of cable homes in the prime time daypart. If superstations are not counted, TBS' Sieber notes that average prime time shares for indies in cable homes has climbed from 6.5 in 1984 to a 7.2 so far this year.

Better movie packages and the effects of first-run series, such as *Star Trek: The Next Generation*, are the causes of the indies' rise, says Susan Rynn, director of research for the Association of Independent TV Stations. She particularly points to a three-share-point increase from February to May and a two-point gain from May to August. It was in this time period, Rynn says, that many independent stations took advantage of the networks' weak convention coverage as well as the writers' strike. In addition, independents, as well as cable, generally make gains against the networks in the summer because of reruns.

But overall, Sieber says, the picture is not as positive for indies as it is for cable. "They are gaining ground in total homes, but losing ground in cable homes," he says. His research indicates that, in cable homes, independent stations—sans superstations—have seen a 24-hour decline in average ratings over the last couple of years from a 4.5 in '82, to a 4.2 in '86, and a 3.9 in '88 (through September). This has occurred, he notes, while cable-originated programming in cable homes, naturally, has risen from a 2.5 in '82, to 5.2 in '86, to 6.4 in '88 (as of September).

Not so, says INTV's Rynn. She asserts that independent viewing in cable homes actually is stable. That's because it continues to be INTV's policy to include superstation viewing in its tracking of independent

Viewing shares of all television households, prime time Monday-Sunday, 8-11 P.M. EST

	Sept '87	Nov '87	Feb '88	May '88	Aug' 88	Sept '88
Affiliate/Networks	69	72	72	68	59	65
Independents*	19	19	19	22	24	20
Public	4	4	4	4	4	4
Pay Cable	7	6	6	6	8	8
Ad-Supported Cable	10	9	10	10	13	12

*includes superstations
Source: Nielsen Cable TV Status Report

Viewing shares of cable households, prime time Monday-Sunday, 8-11 P.M. EST

	Sept '87	Nov '87	Feb '88	May '88	Aug' 88	Sept '88
Affiliate/Networks	59	64	64	59	49	55
Independents*	18	18	17	21	22	18
Public	3	4	3	3	3	3
Pay Cable	11	10	10	10	14	12
Ad-Supported Cable	19	16	17	18	21	21

*includes superstations
Source: Nielsen Cable TV Status Report and INTV data

ratings. INTV says that as long as the signal originates from a market as an independent station, it will be counted as independent viewing. A.C. Nielsen agrees that this is how ratings/shares should be calculated. Rynn says that because ratings are generated for the purpose of advertisers and that because cable operators don't receive advertising avails for carrying these stations, the numbers should be included in the independent viewing pool.

The Cabletelevision Advertising Bureau and other cable research executives think otherwise. CAB, for instance, puts Superstation TBS Atlanta into the cable viewing pool because it's an active superstation; passive superstations such as WPIX-TV New York or WGN-TV Chicago remain in the independent pool. Some researchers, such as TBS' Sieber, tend to separate the major superstations from cable or independent, believing them to be another entity altogether.

In examining Nielsen's numbers, independent viewing as surveyed by INTV and Rynn indeed shows its stability. From September '87 to September '88, indies maintained an 18 share in prime time in cable households, while slipping just one share point in 24-hour viewing. Totalling Sieber's indie and superstation numbers also demonstrates stability among indies.

Cable and independents indeed have taken viewers away from networks, but how about each other? INTV's Rynn says this isn't happening. She points to some May '88 Nielsen numbers which show independents yielding a 22 share of all ad-supported television rating points for prime time, calculated either way—cable or total television households. Cable's share is 18 in cable homes, 18 in pay homes and 11 in all TV households. She concludes that cable and independents are not cutting into each other's turf but rather are taking viewers away from the networks.

But there is some erosion, according TBS' Sieber. Pointing to cable households again, indies' average ratings (less superstations) over 24 hours in cable homes has dropped, while cable programming ratings have risen. He concludes that almost all of the indies' growth has come in non-cable homes.

The networks have a different view of this. Yes, they say, there has been erosion but it will slow down.

Mike Eisenberg, vice president of audience measurement for CBS, says that with the number of new independent stations leveling off, and because "there really hasn't been any breakthrough programs this season for syndication," all signs point to a slowdown in viewing growth by indies.

As far as cable is concerned, Eisenberg suspects that cable's growth will get tougher to come by, especially with networks trying to program for a broader appeal. "Only a handful are truly national," he adds.

If you look at cable services, most appeal to a narrower audience, Eisenberg says. He expects cable viewing to level off by 1995, when he believes cable will have 60 percent penetration of U.S. households, and network shares will be the mid-60s range.

Advertising is the reason that share and ratings numbers exist. But they mean different things to different segments of the advertising industry.

It doesn't really matter, therefore,

Viewing share of cable households Monday-Sunday, 24 hours

	Sept '87	Nov '87	Feb '88	May '88	Aug' 88	Sept '88
Affiliate/Networks	51	54	53	51	46	51
Independents*	21	22	22	23	23	20
Public	3	3	3	3	3	3
Pay Cable	11	10	10	11	13	12
Ad-Supported Cable	20	19	20	20	22	21

*includes superstations
Source: Nielsen Cable TV Status Report and INTV data

Viewing shares of all television households Monday-Sunday, 24 hours

	Sept '87	Nov '87	Feb '88	May '88	Aug' 88	Sept '88
Affiliate/Networks	61	63	63	59	56	60
Independents*	23	23	23	25	25	22
Public	3	3	3	3	4	3
Pay Cable	7	6	6	7	8	7
Ad-Supported Cable	11	10	11	12	13	13

Source: Nielsen Cable TV Status Report

Average prime time ratings in cable households

	Affiliates/ Networks	Indies*	Cable	Superstations	Pay	PBS
1982	45.7	6.7	4.6	3.4	7.4	2.7
1983	43.2	6.7	5.7	3.5	7.8	2.3
1984	42.6	6.5	7.0	4.1	7.8	2.0
1985	42.1	6.8	7.4	4.1	8.0	2.3
1986	42.0	6.9	8.3	4.0	6.3	2.3
1987	38.9	6.9	10.2	4.2	6.6	2.3
1988	35.5	7.2	11.5	4.8	7.1	2.0

*less superstations
Source: TBS

Average ratings in cable homes, 24 hours

	Affiliates/ Networks	Indies*	Cable	Superstations	Pay	PBS
1982	19.7	4.5	2.5	2.7	3.5	1.1
1983	18.9	4.4	3.4	2.5	3.6	0.9
1984	18.9	4.1	4.3	2.9	3.5	0.9
1985	18.1	4.1	4.8	2.9	3.7	0.9
1986	18.2	4.2	5.2	2.7	3.0	1.0
1987	16.6	4.0	6.2	2.6	3.4	1.0
1988	15.9	3.9	6.4	3.0	3.7	0.9

*less superstations
Source: TBS

if indies or cable are ahead in audience share.

Cable executives say they are attempting to capture dollars that now go into network advertising, for instance. Independents keep their coffers full from two non-network advertising sources, national spot and local ads.

That leaves barter syndication as the only real national alternative to cable. Even then, says Tim Duncan, executive director of Advertisers Syndicated Television Association, his segment of the industry—like cable—targets the major network broadcasters for their sales pitches because that $10 billion pot dwarfs cable's $1.1 billion bucket.

Syndication pulls in about the same as cable—about $1 billion. National spot draws $7 billion in advertising; local stations sell around $7 billion.

Although indications are that the networks are losing ground, those share and rating numbers don't automatically translate into ad dollars flowing elsewhere. Despite declining audiences, for the last two years the networks have been able to raise their ad rates while still seeing hefty increases in upfront revenue from advertisers.

One industry expert noted that "the decline in network share has not been the same level decline in network revenue." That means the networks still retain their status as the first and primary buy for national television advertisers.

While networks will continue to see their shares erode, Eisenberg says, there is something that has been and will continue to chew away viewers from all television delivery systems, something that Nielsen doesn't measure yet: VCR viewing. Says Eisenberg: "That impacts on everybody." ■

Pay-Per-View Supply Chart

November

Source

And God Created Woman — Vestron
MPAA Rating: R — Running Time: 100 mins.
Cast: Rebecca De Mornay

A New Life — Universal
MPAA Rating: PG-13 — Running Time: 106 mins.
Cast: Alan Alda, Veronica Hamel, Hal Linden, Ann Margaret

Beetlejuice — Warner Bros.
MPAA Rating: PG — Running Time: 90 mins.
Cast: Genna Davis, Michael Keaton

Biloxi Blues — Universal
MPAA Rating: PG-13 — Running Time: 107 mins.
Cast: Matthew Broderick, Christopher Walken

Bright Lights, Big City — MGM/UA
MPAA Rating: R — Running Time: 107 mins.
Cast: Michael J. Fox, Phoebe Cates, Kiefer Sutherland

18 Again — New World
MPAA Rating: PG — Running Time: 101 mins.
Cast: George Burns, Charlie Schlatter

Friday The 13th: The New Blood — Paramount
MPAA Rating: R — Running Time: 90 mins.

Ghoulies II — Vestron
MPAA Rating: R — Running Time: 89 mins.

I've Heard The Mermaids Singing — Miramax
MPAA Rating: PG — Running Time: 82 mins.
Cast: Sheila McCarthy

Jack's Back — Paramount
MPAA Rating: R — Running Time: 97 mins.
Cast: Cynthia Gibb, James Spader

Permanent Record — Paramount
MPAA Rating: PG-13 — Running Time: 91 mins.
Cast: Alan Boyce, Michelle Meyrink, Keanu Reeves

Plain Clothes — Paramount
MPAA Rating: PG — Running Time: 98 mins.
Cast: Harry Shearer, Robert Stack

Sunset — Columbia
MPAA Rating: R — Running Time: 107 mins.
Cast: James Garner, Bruce Willis, Mariel Hemingway, Malcolm McDowell

The Seventh Sign — Columbia
MPAA Rating: R — Running Time: 97 mins.
Cast: Demi Moore, Michael Biehn

Shoot To Kill — Touchstone
MPAA Rating: R — Running Time: 110 mins.
Cast: Sidney Poitier, Tom Berenger, Kirstie Alley

The Unholy — Vestron
MPAA Rating: R — Running Time: 102 mins.
Cast: Ben Cross, Hal Holbrook

You Talkin' To Me? — MGM/UA
MPAA Rating: R — Running Time: 97 mins.

December

Source

Above The Law — Warner Bros.
MPAA Rating: R — Running Time: 99 mins.
Cast: Steven Seagal, Henry Silva, Sharon Stone

Bad Dreams — 20th Century-Fox
MPAA Rating: R — Running Time: *
Cast: Bruce Abbott, Jennifer Rubin

Funny Farm — Warner Bros.
MPAA Rating: PG — Running Time: 102 mins.
Cast: Chevy Chase, Madolyn Smith

The New Adventures Of Pippi Longstocking — Columbia
MPAA Rating: G — Running Time: *
Cast: Tami Erin, Eileen Brennan, Dennis Dugan, John Schuck

Off Limits — 20th Century-Fox
MPAA Rating: R — Running Time: 102 mins.
Cast: Willem Dafoe, Gregory Hines, Amanda Pays, Fred Ward

Rambo III — Columbia
MPAA Rating: R — Running Time: 102 mins.
Cast: Sylvester Stallone, Richard Crenna

Rikky & Pete — MGM/UA
MPAA Rating: R — Running Time: 101 mins.

Salsa — Cannon
MPAA Rating: PG — Running Time: 99 mins.
Cast: Robby Rosa

Stormy Monday — Paramount
MPAA Rating: R — Running Time: 93 mins.
Cast: Melanie Griffith, Tommy Lee Jones

Vampire At Midnight — Skouras
MPAA Rating: R — Running Time: 93 mins.
Cast: Jason Williams, Gustav Vintas

Note: Running times are approximate.
NR indicates film not rated by MPAA.
*Unavailable at presstime.

Film information provided to International Thomson Communications Inc. by distributors.

Pay-Per-View Services Profile

	LAUNCH	DELIVERY	ENCRYPTION	PROGRAMMING	ADDRESSABLE SUBSCRIBERS
Cable Video Store	April 1, 1986	Galaxy I, tr.5	VideoCipher II	Movies, how-to's, special events.	1,000,000
Home Premiere Television	December 4, 1987	Galaxy III, tr. 16	VideoCipher II	Movies and special events.	1,400,000
Playboy On Demand	September 1, 1987	Satcom IV, tr.24	VideoCipher II	Original Playboy programs and adult motion pictures.	1,000,000
Request Television	November 27, 1985	R-1: Satcom IiI-R, tr. 19 R-2: Satcom III-R, tr. 4	VideoCipher II	Two channels offering movies and special events.	3,300,000
Tuxxedo Network	December 1, 1987	Galaxy II, tr. 10	VideoCipher II	Adult movies and special events.	200,000
Viewer's Choice	November 26, 1985	VC-1: Galaxy III, tr. 21, VC-2: Galaxy III, tr. 18	VideoCipher II	Two channels of movies and special events.	3,200,000
Zap! Movies	June 5, 1986	Spacenet II, tr.1,3,11,23	VideoCipher II	Channel 1: movies. Channel 2: cult movies and video rental favorites. Channel 3: additional plays of Chs. 1/2 titles. Channel 4: previews and barker information.	60,000

Looking at listings: a guide to guides

By Craig Kuhl

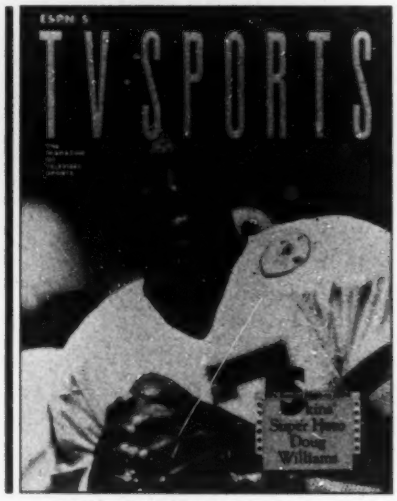
Subscriber Circulation	
TV Guide	16,000,000
The Cable Guide/TVSM	8,000,000
Cable Publications Inc.	5,100,000
Cabletime	4,600,000
Premium Channels	3,000,000
Cableview	2,600,000
TV Host	2,000,000
Cosmo Graphics	1,700,000
Cable Viewer	N.A.

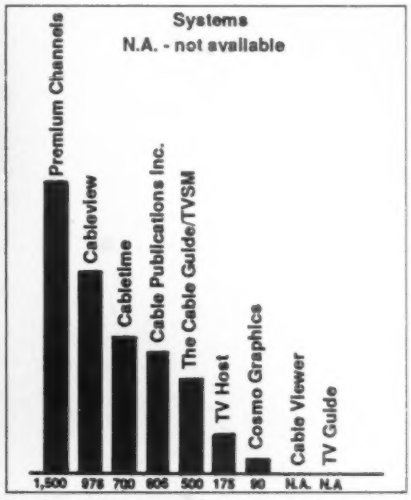
N.A. - not available

With the $63 million contract between TCI's *Cabletime* and Crosby Vandenburgh Group, along with a surge in advertising, the cable guide business appears poised for rapid growth. But some nagging questions remain: Are today's guides delivering the right stuff to subscribers? Have operators bought into the "added value" of guides?

The cable guide business reached its nadir with Time Inc.'s *TV-Cable Week* debacle. Since then, the cable guide industry has regrouped; combined circulation has grown to around 20 million and rising, and more publishers are focusing on improved editorial content and format.

Yet it remains in doubt whether operators will unite behind the push to improve and expand cable guides. Some operators say they will invest in guides only if it improves the bottom line. For some, such as TCI, whose *Cabletime* is distributed free to the majority of its 4.1 million subscribers, the mandate is to keep red ink at a minimum. "It's a loss for us," says Warren Zeller, general manager of *Cabletime*. "But our top priority now is to increase our ad revenues while helping broadcast erosion."





ESPN's *TV Sports* will start quarterbacking through the guide scene next month.

The guide costs TCI about 42 cents per copy. It offers listings of cable programming customized for each of its 700 systems. Of that cost, about 17 cents is recouped through advertising revenue. But Zeller challenges the widely-accepted premise that guides should list all cable *and* local broadcast programming in each area. "We've heard the same speech for years — customize. What they're saying is to include everything, and I challenge that. All we care about is that our subscribers get good, reliable listings. The newspapers can fill in what we don't have," Zeller says. "Sunday supplements excel in local broadcasting, while we excel in cable listings."

Cable Publications Inc., a Crosby Vandenburgh division, will produce *Cabletime*. CPI publishes

> **'He (Murdoch) shed the light on the guide publishing industry, and not if we *should* spend, but how much, on programming guides.'**
>
> ***—CPI President John Crowley***

several other guides with a combined circulation of about five million, including *Choice, Cable Choice* (with a special Hispanic program highlights section to 150,000 homes in Los Angeles), and several local guides. CPI brings a wealth of publishing knowledge to the industry, specifically its president, John Crowley, former associate publisher of *Time* magazine.

Crowley points to Rupert Murdoch's purchase of *TV Guide* as a turning point for the guide industry. "He (Murdoch) shed the light on the guide publishing industry, and not if we *should* spend, but how much, on programming guides." He echoes the thoughts of many industry officials who maintain that a few major players are emerging in the guide business. "There is definitely a consolidation afoot. To be efficient, critical mass is needed. And to be truly competitive, more than one revenue stream is needed. Those who don't recognize this are in trouble."

Under Crowley's direction, CPI plans to make significant improvements in its advertising and editorial mix, which he admits has not yet been effective. "We don't have all the answers and we haven't effectively positioned the magazine to the market." Yet Crowley is optimistic. "Guides are like a new coat of paint—they change the look of everything, including people's viewing habits."

But do cable guides really change viewing habits? And is the "value added" of direct contact with subscribers really worth the cost of a cable guide? A recent study by Wilson and Associates, a cable marketing group in Denver, surveyed 902 people, aged 18-65, in six selected cities and found that, as Charlie Wilson, president of the firm, says, "cable guides have become an integral part of cable service and customers expect to receive them."

The study showed that 50 percent of the people used cable guides as their primary source of program and channel selection, while the other 50 percent used Sunday newspaper guides. Seventy-five percent at least scanned cable guides, while 40 percent referred to them often. Thirty percent used their guides daily, 25 percent used them a few days a week, while 33 percent did not use the guide at all. Sixty-seven percent thought their cable guides were helpful, while 40 percent said they would be "greatly" affected without the guides. And 80 percent said they would pay up to $2 or more for a "perfect" guide.

Yet the issue remains at the bottom line, added value or not. "There is no hard evidence that the use of a guide makes any difference in revenue streams to system operators," Wilson says. Evidence points to (revenue enhancement), but can we prove it? No."

Some in the industry, however, are quick to assert that the "added value" of a cable guide increases a subscriber's "comfort zone" and therefore increases subscriber retention—prompting a higher usage of pay services especially. As standalone publications, guides can offer operators an additional revenue stream through local advertising and usually represent the only direct contact with subscribers other than the monthly bill.

"It's the lifeline to your subscribers. If you don't get some type of information into their hands you're shooting yourself in the foot," says Bruce Smith, marketing manager for United Cable. "Newspapers now recognize this and are in it for the long haul."

With *TV Guide*'s expansion into the cable guide business, competition is sure to increase. It's recent launch of *Special Cable Edition—New York* puts the magazine—which has the world's largest circulation (16 million, down from 17.2 million in 1987) and the largest magazine ad revenues ($331 million in 1987)—in a position eventually to dominate the industry. "We expect *TV Guide* to grow dramatically as these (New York) systems are built," says Bill

Deitch, general manager of *T.V Guide*. And although cable listings are nothing new to it, 50 percent of *T.V Guide*'s listings now are cable and it will "pay more attention to cable" in the future, says Co-Editor Roger Youmans.

Premium Channels, which serves about 1,500 systems and three million subscribers, delivers its guide with the monthly bill "to soften the blow of the bill," according to Steve Goldmintz, executive vice president. *Premium Channels* is system-specific, meaning it customizes listings to match local carriage and channel number, as most guide publishers now do.

TV Host, which began publishing in 1966, distributes two million copies, up from just 300,000 in 1981. The guide, costing about 50 cents, is sent directly to subscriber homes. Lou Pirnik Jr., director of advertising, says the growth is in system-specific guides. "There's no question the growth we're feeling is from system-specific. If we were to publish all of the listings available, it would literally be a large phone book, and not cost efficient."

Most industry officials say advertising is the critical element in the growth of guides and a major attraction for operators. But it's difficult to come by. "It's a tough sell," says Pirnik. "You're in competition with large circulation publications nationally, and your guide has to position itself well to compete." Pirnik agrees that attrition and consolidation will continue. "The number of industry guide publishers will continue to shrink. People are re-positioning themselves and the cable guide universe is now relatively small."

Currently, the top 10 cable guide publishers account for more than 90 percent of business, and one well-placed industry official suggests that two of those publishers will be gone by 1990.

That attrition rate hasn't gone unnoticed. "Operators are skeptical about cable guides because so many have gone downhill. It's the strong ones that have survived," laments Mark Rubin, national sales manager for *Cableview*, which has 2.6 million customers. "The pressures are from newspapers. Operators are saying that they can get all the listings they need from their local papers. But they can't communicate directly to their subs through the newspapers like they can with guides," he says.

Officials at Cosmo Graphics, which provides cable and broadcast listings to more than 10 million readers through 800 newspapers and guides reaching 1.7 million subscribers and 90 cable systems, aren't convinced that newspapers can adequately provide listings information on their own, and in fact face a logistical nightmare if they attempt it. "Very few produce their own listings because of the updates and number of channels available," says Chris Stark, president of Cosmo Graphics.

A major factor in the expansion in the guide industry in recent years has been the growth of pay-per-view and premium services. Those services have created their own markets, and guides have followed. According to Mark Edmiston, chairman of TVSM, the largest cable guide publisher with eight million customers, big changes have taken place the past two years. "The industry was looking for major promotions with pay and premium services and not providing its subs with well-diversified listings. Now, system-specific guides and advertising revenues have opened up a whole new spectrum for cable television," he says. And that opportunity, Edmiston believes, is likely to expand. "In the next few years, penetration of cable will reach 70 percent, meaning more than 20 million homes will be receiving cable guides." The guide business currently is increasing in circulation by one million a year, Edmiston says. TVSM President Neil Heller notes that "ten years ago, there were just nine channels, now there's 56. People need a way to find them." TVSM, which publishes *Cable Guide*, has found ad revenues soaring as well—$13 million for the first six months of 1988 compared to just $8.7 million for all of 1987.

Further, Edmiston says, approximately one-third of the operators served by TVSM charge for the guide, generally between $1 and $1.50. As noted, the Wilson and Associates study found that 80 percent of cable users would be willing to pay for a guide that contained material they deemed important—a significant statistic for proponents of guides and the dual revenue stream argument.

Accordingly, content is now considered paramount to cable guide publishers, particularly to the few cable networks that produce their own guides. Editorial ownership and self-promotional opportunities drive their guides, but it's costly. Steve Gutman, chairman of The Disney Channel's guide, says "we don't command the numbers like other services do because of the original programs we air, which are not readily noticeable, so we need our own guide." Disney's magazine now is mailed to 4.2 million customers, and it expects an eight percent increase next year. "We lose a ton of money, but the costs are worth it," Gutman maintains. "The justification is the same as for the operators—

a proven retention device. Without it, we would probably lose as many subs as it takes dollars to produce the magazine." Gutman reports that the magazine will sell $4 million in mail order advertising next year and $6 million in ads. He says the book has saved $4.5 million the past two years because of more advertising, less frequency and stronger cost management.

The Discovery Channel guide, on the other hand, is a break-even proposition while operating with much less financial clout than Disney. "From day one we've broken even," says Greg Moyer, vice president of marketing and communications. TDC's guide has 120,000 paid subscribers, sold at about $1 an issue, and just two full-time people. "We don't have the money to produce outside, and usually the bigger guide publishers want too much editorial control, and that's unnacceptable to us. We consider the magazine a self-liquidating marketing tool," Moyer says.

TDC conducted a study in Atlanta and San Diego to determine if the magazine increased ratings. "When the 6,000 subscribers received the magazine, we increased our ratings 50 percent. That's fairly compelling," Moyer reports. "Our guide doesn't exist to influence overall viewing behavior, but it gives us a chance to aggressively market our product," Moyer concludes.

The newest guide to join the fray is ESPN's *TV Sports*, due out Dec. 4 as a Sunday supplement in 2.1 million home-delivered newspapers. The guide will highlight sports programming.

"Our research points to a frustrated viewer who can't easily find his or her favorite sports," says Bill Ketchum, ESPN senior vice president of network marketing. The guide will be produced by C/G's custom magazine division, with R.J. Reynolds, TransAmerica and Phillip Morris providing major ad support.

On the core question of how guides are viewed by subscribers, many offer optimistic insights. Grace Slojkowski, United Cable's marketing coordinator for *Cable Guide* in Los Angeles, says 82 percent of United's subscribers there are buying the guide at $1.50 a copy through various packages. "It's working well,' she says. "I don't think we're losing money on the guide and the customers seem satisfied."

Viacom's Nashville Cablevision is one of the few operators choosing to publish its own guide. "We charge $1.50 a month for the guide, which breaks us even. Local advertising provides our profit margin," says David Wilson, vice president and general manager of the system. "Our guide is cheaper than *T.V Guide* and is system-specific, while it also helps us increase our pay services. If you give your guide away, it won't affect your bottom line; if you charge, it will," Wilson says. "If we included the guide in our basic package it would be buried in the subscriber's rate. We give them the option of buying it." Sixty percent of Wilson's subscribers now take the guide.

Until that quantification exists, the issue probably will remain at the bottom line. ■

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Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	365	8,000,000
Alternate View Network	250	4,000,000
Arts & Entertainment (A&E)	2,600	36,000,000
Black Entertainment Television	1,200	20,000,000
Cable News Network	11,860	46,238,000
Cable TV and Appliance Network	N.A.	1,500,000
Cable Value Network	1,850	20,000,000
CBN Family Channel	8,215	41,642,000
C-SPAN	3,014	39,200,000
C-SPAN II	539	15,400,000
Country Music Television	862	8,000,000
The Discovery Channel	3,567	35,800,000
Eco	300	1,000,000
ESPN	9,500	47,800,000
Eternal Word Television Network	461	10,100,000
Family Guide Network	60	4,500,000
FamilyNet	47	1,200,000
The Fashion Channel	600	10,100,000
Financial News Network	3,500	31,000,000
FNN/Score	1,150	19,800,000
FNN/TelShop	950	11,000,000
Headline News	3,228	32,693,000
Home Shopping Network	1,375	15,941,099
Home Shopping Network II	313	5,620,780
The Inspirational Network	950	10,500,000
International Television Network	56	7,868,900
The Learning Channel	930	12,800,000
Lifetime	3,600	40,800,000
Mind Extension University	84	1,700,000
Movietime	200	7,500,000
MTV	5,010	42,700,000
The Nashville Network	7,335	41,051,392
Network 1 USOA	N.A.	N.A.
Nick At Nite	3,285	36,400,000
Nickelodeon	6,195	41,200,000
The Nostalgia Channel	290	3,500,000
Prevue Guide	200	5,300,000
QVC Network	931	12,600,000
RFD TV	N.A.	N.A.
Shop Television Network	119	4,400,000
Silent Network	380	10,300,000
Superstation TBS	8,171	45,718,000
Tempo Television	700	8,000,000
TNT	1,279	17,040,000
The Travel Channel	300	11,000,000
Trinity Broadcasting Network	650	8,000,000
Univision	340	N.A.
USA Network	10,100	45,200,000
VH-1	2,140	27,900,000
Vision Interfaith Satellite Network	N.A.	6,200,000
The Weather Channel	3,240	36,100,000
WGN-TV	11,000	24,900,000
WWOR-TV	2,499	12,302,073
WPIX-TV	858	9,678,474
Bonus/basic services		
American Movie Classics	1,500	13,000,000
Bravo	350	1,300,000
Pay services		
American Exxxtasy	35	27,000
Cinemax	3,650	5,100,000
The Disney Channel	5,000	3,810,000
Festival	100	42,500
Home Box Office	7,400	15,900,000
The Movie Channel	3,250	2,600,000
The Playboy Channel	550	490,000
Showtime	6,000	6,300,000
Audio services		
Cable Radio Network	49	1,556,736
Galatic Radio	84	1,050,000
KKGO Super Jazz	18	133,639
Moody Bible Institute	63	1,058,368
Satellite Radio Network	237	483,000
Seeburg Lifestyle Music	142	2,578,838
Seeburg Lifestyle Adult Contemporary	26	854,390
Tempo Sound	125	1,250,000
WFMT Chicago	170	1,259,804
Text services		
AP News Cable	185	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,000
Cable SportsTracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	300,000
Genesis Storytime	39	1,550,000
Reuters NewsView	127	2,437,000
Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	457	6,100,000
X*Press X*Change	457	6,100,000

Non satellite-fed national services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Fuji Network	3	12,000
Nippon Golden Network	3	13,000
Vector Consumer News	5	200,000
Vector Consumer Shopping Guide	9	325,000

Interactive services

Basic services	Affiliates	Subscribers
Telaction	4	25,000
Video Jukebox Network	9	268,000

Regional entertainment services

Basic services	Affiliates	Subscribers
Atlanta Interfaith	7	177,000
Bay Area Religious Channel	6	113,000
Buffalo Sabres Hockey	6	455,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,000,000
KTVT	415	3,588,270
Life Newsvision	35	50,000
Madison Square Garden Network	112	2,500,000
Meadows Racing Network	14	600,000
News 12 Long Island	4	532,000
Prime Cable	9	381,938
Prime Ticket	55	2,300,000
Sportsvision	50	1,507,270
Sunshine Network	112	1,700,000
Pay services		
Home Sports Entertainment	196	684,740
Home Team Sports	114	1,000,000
New England Sports Network	160	301,131
Prism	87	427,000
Pro-Am Sports	140	301,000
SportsChannel (Florida)	10	470,000
SportsChannel (New England)	147	942,943
SportsChannel (New York)	94	1,300,000
Z Channel	65	110,010

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Stats, 432 Park Avenue South, Suite 1010, New York, NY 10016.
N/A denotes information not available.

Announced services

Satellite-fed services	Expected launch
American Man's Network	2/89
ATV: Advertising Television	1/89
CD/8: The Digital Music Network	1st Quarter 1989
CNBC	1st Quarter 1989
The Computer Channel	5/89
Digital Cable Radio	1st Quarter 1989
Digital Radio Labs	1st Quarter 1989
Interactive Game Network	3rd Quarter 1989
Kids Information Network	1st Quarter 1989
The Landscape Channel	1st Quarter 1989
Laugh TV	1st Quarter 1989
Mizlou Cable Sports Network	4/89
Spanish TV News Network	11/88
Talk Television	1st Quarter 1989
Wingtips	4th Quarter 1989
Non satellite-fed services	**Expected launch**
ACTV	4th Quarter 1989
Main Street	2nd Quarter 1989
On Demand/UTV TV Network	4th Quarter 1989